STATE OF NEW YORK INSURANCE DEPARTMENT

REPORT ON FINANCIAL CONDITION EXAMINATION

OF THE

SECURITY MUTUAL LIFE INSURANCE COMPANY OF NEW YORK

CONDITION: DECEMBER 31, 2005

DATE OF REPORT: FEBRUARY 16, 2007

STATE OF NEW YORK INSURANCE DEPARTMENT

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AS OF

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EXAMINER:	MARK MCLEOD

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STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004

David A. Paterson
Governor

Eric R. Dinallo
Superintendent

September 18, 2008

Honorable Eric R. Dinallo
Superintendent of Insurance
Albany, New York 12257

Sir:

In accordance with instructions contained in Appointment No. 22525, dated June 29, 2006 and annexed hereto, an examination has been made into the condition and affairs of the Security Mutual Life Insurance Company of New York, hereinafter referred to as "the Company," at its home office located at 100 Court House Square, Binghamton, New York 13902.

Wherever "Department" appears in this report, it refers to the State of New York Insurance Department.

The report indicating the results of this examination is respectfully submitted.

1. EXECUTIVE SUMMARY

The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2005 filed annual statement. (See item 5 of this report)

2. SCOPE OF EXAMINATION

The prior examination was conducted as of December 31, 2000. This examination covers the period from January 1, 2001 through December 31, 2005. As necessary, the examiner reviewed transactions occurring subsequent to December 31, 2005 but prior to the date of this report (i.e., the completion date of the examination).

The examination comprised a verification of assets and liabilities as of December 31, 2005 to determine whether the Company’s 2005 filed annual statement fairly presents its financial condition. The examiner reviewed the Company’s income and disbursements necessary to accomplish such verification and utilized the National Association of Insurance Commissioners’ Examiners Handbook or such other examination procedures, as deemed appropriate, in such review and in the review or audit of the following matters:

Company history
Management and control
Corporate records
Fidelity bond and other insurance
Territory and plan of operation
Growth of Company
Business in force by states
Mortality and loss experience
Reinsurance
Accounts and records
Financial statements

The examiner reviewed the corrective actions taken by the Company with respect to the recommendation contained in the prior report on examination. The results of the examiner’s review are contained in item 6 of this report.

This report on examination is confined to financial statements and comments on those matters which involve departure from laws, regulations or rules, or which require explanation or description.

3. DESCRIPTION OF COMPANY

A. History

The Company was originally incorporated as a mutual assessment association under the name Security Mutual Life Association on November 6, 1886 and commenced business on January 3, 1887. The Company was re-incorporated as Security Mutual Life Insurance Company, a stipulated premium company, on May 31, 1898. The Company reorganized on December 28, 1899 as a legal reserve mutual company. The Company changed its name to Security Mutual Life Insurance Company of New York in 1960. The Company is a mutual life insurance company owned by its policyholders, and operates primarily in the Northeast.

In February 2004, the Company announced the signing of a Stock Purchase Agreement ("Agreement") dated February 9, 2004 with the Ohio National Life Insurance Company. Such Agreement called for Ohio National to acquire the Company through a sponsored demutualization. Under the terms of the Agreement, the Company was to convert to a stock company and then sell all of its stock to Ohio National. The Department officially disapproved the Agreement on December 30, 2004.

Total costs incurred for the attempted demutualization was $10,176,000 during 2004. Upon the withdrawal from the transaction the Company expensed $9,295,000 and capitalized $881,000. The capitalized portion of the transaction costs represents the costs incurred related to the implementation of a new software system.

The Company issued a $15 million surplus note at $9^{3/8}$% to Chase Securities on December 27, 1996, scheduled to mature on December 15, 2016. The surplus note is not redeemable and there is no provision for a sinking fund.

On December 30, 2004, the Company issued a $10 million surplus note, scheduled to mature on December 30, 2034, to Credit Suisse First Boston for $9,694,000 in cash, through a private placement transaction. Interest accrues at 6.96% per annum from December 30, 2004 to December 30, 2009, and after December 30, 2009, interest accrues at a rate of interest equal to the sum of LIBOR plus 2.90%. Also, the surplus note has a call option that may be exercised beginning on December 30, 2009.

Pursuant to the provisions of Section 1307 of the New York Insurance Law, both surplus notes were filed with and approved by the Department prior to issuance.

B. Subsidiaries

Non-insurance entities within the Company's holding company group include the Company's 100% ownership in SML Agency Services, Inc. ("SAS"), Security Administrators, Inc. ("SAI"), and Archway Technology Services, Inc. ("ATS"). In addition, the Company has a 48.8% ownership interest in SMON Holdings, Inc. ("SMON").

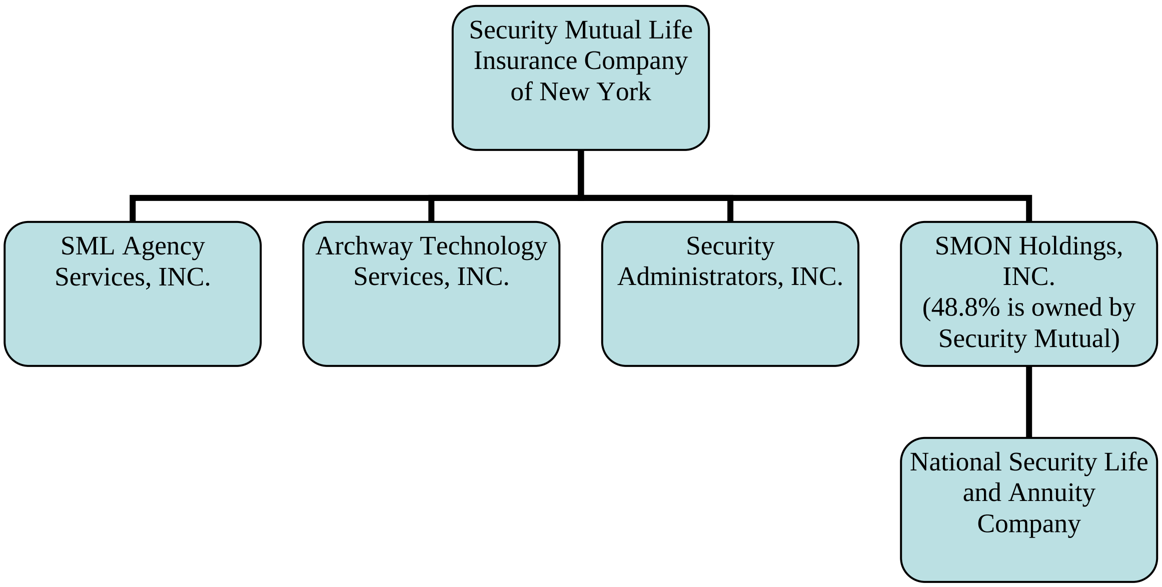
SAS was created in 1994 to function as a corporate general agency to permit the Company's agents to offer insurance products not issued by the Company. SAS primarily sells disability income insurance. During 2004 and 2005, the Company contributed $250,000 of additional capital to SAS for a marketing services agreement between the Company, SAS and Schmitt Sussman Enterprises, Inc., a Delaware Corporation, to market and write life insurance products through employers, employer-sponsored credit unions, and selected financial services providers. On December 15, 2005 the Board of Directors approved a resolution authorizing an additional capital contribution to SAS, to be paid on or before December 31, 2006, in an aggregate amount not to exceed $600,000.

SAI provides certain actuarial and pension services to the Company and other non-affiliates. In May 1998, SAI issued 3,019 common shares to American Annuity Group, Inc., a Delaware corporation, for $500,000. The Company retained a 51% majority ownership in SAI during this reporting period. Through the diversification of ownership, SAI acquired needed capital to expand its pension and actuarial administrative services. In March 2004, SAI purchased all of the shares of the minority interest and is now a wholly-owned subsidiary of the Company. On December 31, 2005, the Company received a cash dividend of $400,000 from SAI.

In 2001, the Company formed SMON jointly with Ohio National Financial Services, Inc. The Company made capital contributions aggregating $12,867,000 in 2001 and 2002, to attain 48.8% ownership in SMON. In January 2002, SMON purchased a variable life insurance company, First ING Life Insurance Company of New York, and re-named it National Security Life and Annuity Company ("NSLAC"), for the purchase price of $23,350,000. In December 2002, the Company contributed additional paid-in-capital of $650,000 to SMON, which contributed a like amount to NSLAC in the same month. NSLAC began writing business in 2003.

During 2003, ATS was established and is primarily responsible for the development and maintenance of computer systems used by the Company to sell its worksite insurance product.

An organization chart reflecting the relationship between the Company and significant entities in its holding company system as of December 31, 2005 follows:



The Company had 12 service agreements in effect with affiliates during the examination period.

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Services Agreement Amendment No. 1	06/01/94 01/01/97	The Company	SAS	Management and administrative support and related services	2001 $ 33,141 2002 $ 38,003 2003 $ 42,553 2004 $ 45,358 2005 $ 47,954
Services Agreement Schedule 1 Amend. Schedule 1 Amend. Schedule 1 Amend. Schedule 1 Amend.	06/13/94 01/01/99 04/02/01 09/06/04 09/20/05	The Company	SAS	Leased employees	2001 $152,220 2002 $181,001 2003 $207,820 2004 $216,223 2005 $240,625
Services Agreement Agreement terminated	01/01/98 01/01/02	SAS	The Company	Policy conservation and related services.	2001 ($ 50,000) 2002 N/A 2003 N/A 2004 N/A 2005 N/A
Marketing Service Agreement	07/17/98	SAS	The Company	The Company receives marketing services from SML Marketing Company, a division of SAS.	2001 ($581,256) 2002 ($532,094) 2003 ($600,351) 2004 ($599,999) 2005 ($599,978)
Lease Agreement	03/01/98	The Company	SAS	Leased space	2001 $ 10,502 2002 $ 11,231 2003 $ 12,119 2004 $ 13,086 2005 $ 14,134

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Service Agreement for SML Retirement Plans Amendment Amendment	10/25/99 01/01/01 04/01/03	SAI	The Company	Actuarial and benefit consulting services for SML retirement and benefit plans Update of fee schedule Update of fee schedule	2001 ($ 71,145) 2002 ($ 60,345) 2003 ($ 76,572) 2004 ($ 60,210) 2005 ($108,703)
Technology Services Agreement	03/01/98	The Company	SAI	Technology support, maintenance and related services and computer equipment	2001 $ 15,000 2002 $ 15,000 2003 $ 15,000 2004 $ 15,000 2005 $ 15,000
Administrative Services Agreement	02/14/03	The Company	ATS	Corporate management, technical personnel and support staff, accounting and audit functions, investment management, general operations support and administration, and computer software and hardware	2001 N/A 2002 N/A 2003 $ 95,321 2004 $ 31,809 2005 $ 2,618
Administrative Services Agreement	01/04/02	The Company	NSLAC	Administrative services	2001 N/A 2002 $430,594 2003 $228,347 2004 $191,704 2005 $ 88,681
Services Agreement Amendment	01/01/86 04/30/01	The Company	SAI	Management support services	2001 $ 29,707 2002 $ 32,648 2003 $ 47,444 2004 $ 49,194 2005 $ 47,411

Type of Agreement and Department File Number	Effective Date	Provider(s) of Service(s)	Recipient(s) of Service(s)	Specific Service(s) Covered	Income/ (Expense)* For Each Year of the Examination
Corporate Career Agent Contract Agent Contract	11/15/97 01/01/01	SAS	The Company	SAS acts in the capacity of general agent and soliciting agent on behalf of the Company (supersedes Corp. Career Agent contract for business submitted on or after 1/1/01)	2001 ($110,711) 2002 ($102,003) 2003 ($ 99,877) 2004 ($ 94,074) 2005 ($113,532)
Lease Agreement Addendum to Lease Lease Terminated	05/01/98 07/13/01 12/31/02	The Company	SAI	Office space	2001 $ 39,717 2002 $ 42,288 2003 N/A 2004 N/A 2005 N/A

C. Management

The Company's by-laws provide that the board of directors shall be comprised of not less than 13 and not more than 22 directors. Directors are elected for a period of three years at the annual meeting of the policyholders held in February of each year. As of December 31, 2005, the board of directors consisted of 13 members. Meetings of the board are held quarterly.

The 13 board members and their principal business affiliation, as of December 31, 2005, were as follows:

Name and Residence	Principal Business Affiliation	Year First Elected
Willard N. Archie* Brooklyn, NY	Former Chief Executive Officer Mitchell & Titus, LLP	1996
Carson E. Beadle * New York, NY	Former President & CEO Carson E. Beadle, Inc.	1996

Name and Residence	Principal Business Affiliation	Year First Elected
David L. Birchenough Binghamton, NY	Treasurer, Chief Operating Officer and Chief Financial Officer	1999
Bruce W. Boyea Binghamton, NY	Chairman, President and Chief Executive Officer Security Mutual Life Insurance Company of New York	1996
James A. Carrigg* Endwell, NY	Former Chairman, President and Chief Executive Officer New York State Electric and Gas	1986
Maxine Fass* New York, NY	Senior Vice President, Chief Legal Officer and General Counsel New York Presbyterian Hospital	2000
Daryl R. Forsythe* Norwich, NY	President and Chief Executive Officer NBT Bancorp Inc.	1995
David D. Holbrook* New York, NY	Former Chairman, J&H Marsh & McLennan, Inc. New York, NY	1996
Hugh A. Johnson, Jr.* Albany, NY	Chairman Johnson Illington Advisors LLC	2001
John M. Keeler* Binghamton, NY	Former Partner Hinman, Howard & Kattell, LLP	1989
Thomas A. Pearson* Rochester, NY	Senior Associate Dean for Clinical Research University of Rochester Medical Center	2002
Walter G. Rich* Cooperstown, NY	Chairman, President & Chief Executive Officer New York, Susquehanna & Western Railway	1992
Robert E. Sadler, Jr.* Buffalo, NY	President & Chief Executive Officer M&T Bank	1994

* Not affiliated with the Company or any other company in the holding company system

In February 2006, John M. Keeler retired from the board and was replaced by Maria F. Ramirez. James W. Orband was also elected to the board in February 2006.

In June 2006, David L. Birchenough retired from the board and was replaced by Howell M. Palmer.

The examiner's review of the minutes of the meetings of the board of directors and its committees indicated that meetings were well attended and that each director attended a majority of meetings.

The following is a listing of the principal officers of the Company as of December 31, 2005:

Name	Title
Bruce W. Boyea	Chairman, President and Chief Executive Officer
David L. Birchenough	Treasurer, Chief Operating Officer and Chief Financial Officer
Frank D. Mistretta	Executive Vice President, General Counsel and Secretary
James M. Lynch	Vice President and Chief Actuary
Michael A. Cohen	Executive Vice President
George B. Kozol	Senior Vice President
Frederick L. Wortman	Senior Vice President
Gregory W. Simonelli, Jr.	Senior Vice President

The Company's designated consumer services officer per Section 216.4(c) of Department Regulation No. 64 is Thomas E. Robbins, Second Vice President, Customer Relations and Conservation.

In June 2006, Howell M. Palmer replaced David L. Birchenough as Treasurer, Chief Operating Officer and Chief Financial Officer.

D. Territory and Plan of Operation

The Company is authorized to write life insurance, annuities and accident and health insurance as defined in paragraphs 1, 2 and 3 of Section 1113(a) of the New York Insurance Law.

The Company is licensed to transact business in all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. In 2005, 62% of life premiums, 31% of accident and health premiums, 74% of annuity considerations and 57% of deposit type funds were received from New York.

The Company primarily markets traditional whole life products, universal life and fixed annuities with emphasis on the personal and estate planning needs of business owners and professional individuals. The Company also markets group life and group disability products. In addition, the Company is expanding its sales of products and services at the worksite, with an emphasis on marketing its individual life and annuity products through the traditional employer channel and providing specialized deposit fund investment and administration services to qualified retirement plans.

Ancillary product lines include variable life and annuity products sold through NSLAC. Policies are written on a participating basis.

The Company's agency operations are conducted on a general agency basis which includes career agents and brokers and specialized group and worksite insurance agents.

E. Reinsurance

As of December 31, 2005, the Company had reinsurance treaties in effect with 28 companies, of which 26 were authorized or accredited. The Company's life and accident and health business is reinsured on a coinsurance, modified-coinsurance, and yearly renewable term basis. Reinsurance is provided on an automatic and facultative basis.

During the greater part of the exam period the maximum retention limit for all individual life contracts was $500,000. On September 15, 2005 the maximum individual ordinary life retention limit was increased to $750,000 on the life of any insured under age 70. The total face amount of life insurance ceded as of December 31, 2005, was $17,144,150,278, which represents 61% of the total face amount of life insurance in force.

Reserve credit taken for reinsurance ceded to unauthorized companies, totaling $3,395,201, was supported by letters of credit.

The total face amount of life insurance assumed as of December 31, 2005, was $103,503,118

4. SIGNIFICANT OPERATING RESULTS

Indicated below is significant information concerning the operations of the Company during the period under examination as extracted from its filed annual statements. Failure of items to add to the totals shown in any table in this report is due to rounding.

The following table indicates the Company’s financial growth during the period under review:

	December 31, 2000	December 31, 2005	Increase
Admitted assets	$1,469,860,561	$1,958,418,227	$488,557,666
Liabilities	$1,388,703,402	$1,858,666,802	$469,963,400
Surplus Notes	15,000,000	25,000,000	10,000,000
Group life contingency reserve	3,011,127	3,934,340	923,213
Separate account contingency Reserve	534,815	769,804	234,989
Unassigned funds (surplus)	62,611,217	70,047,281	7,436,064
Total surplus	$ 81,157,159	$ 99,751,425	$ 18,594,266
Total liabilities and surplus	$1,469,860,561	$1,958,418,227	$488,557,666

The Company’s invested assets as of December 31, 2005, exclusive of separate accounts, were mainly comprised of bonds (81.5%), policy loans (9.9%) and mortgage loans (5.3%).

The following is the net gain (loss) from operations by line of business after federal income taxes but before realized capital gains (losses) reported for each of the years under examination in the Company's filed annual statements:

	2001	2002	2003	2004	2005
Ordinary:					
Life insurance	$5,408,320	$5,930,898	$(2,228,408)	$ 2,445,147	$5,769,577
Individual Annuities	1,387,605	1,658,138	882,901	1,136,344	1,331,869
Supplementary Contracts	222,046	197,014	187,315	230,091	93,321
Total ordinary	$7,017,971	$7,786,050	$(1,158,192)	$ 3,811,582	$7,194,767
Credit life	$ 92,310	$ 76,793	$ 67,675	$ 65,738	$ 5,905
Group:					
Life	$ 520,852	$ 646,041	$ 1,415,197	$ 614,992	$ (124,068)
Annuities	347,881	386,264	263,722	(1,508,061)	(58,881)
Total group	$ 868,733	$1,032,305	$ 1,678,919	$ (893,069)	$ (182,949)
Accident and health:					
Group	$ (165,264)	$ 33,343	$ 353,324	$ 346,362	$ 313,678
Other	243,963	131,122	149,128	275,634	114,717
Total accident and health	$ 78,699	$ 164,465	$ 502,452	$ 621,996	$ 428,395
All other lines	$ 0	$ 0	$ 0	$(6,041,580)	$ 0
Total	$8,057,713	$9,059,613	$ 1,090,854	$(2,435,333)	$7,446,118

The decrease in the net gain from operations for the ordinary lines of business between 2002 and 2003 can be primarily attributed to lower investment income generated on the product line, increased death benefits, cancellation of a reinsurance treaty and increased costs associated with increased first year premiums. The net gain from the ordinary lines of business began to rebound in 2004 due to the leveling of death benefits paid and a decrease in incurred dividends.

The decrease in group annuities between 2003 and 2004 is due to reserve adjustments made to match the guarantee offered in the contract.

The decrease reflected above in “all other lines” resulted from expenses incurred during the sponsored demutualization that the Department disapproved in 2004. The expenses were classified as “all other” due to their extraordinary nature and to maintain reporting consistency for the other lines of business.

5. FINANCIAL STATEMENTS

The following statements show the assets, liabilities, capital and surplus as of December 31, 2005, as contained in the Company's 2005 filed annual statement, a condensed summary of operations and a reconciliation of the surplus account for each of the years under review. The examiner's review of a sample of transactions did not reveal any differences which materially affected the Company's financial condition as presented in its financial statements contained in the December 31, 2005 filed annual statement.

A. ASSETS, LIABILITIES AND SURPLUS AS OF DECEMBER 31, 2005

Admitted Assets

Bonds	$1,499,565,519
Stocks:	
Common stocks	13,225,769
Mortgage loans on real estate:	
First liens	96,907,053
Real estate:	
Properties occupied by the company	6,670,600
Cash, cash equivalents and short term investments	37,440,752
Contract loans	182,816,480
Other invested assets	3,208,214
Investment income due and accrued	25,943,320
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	1,381,101
Deferred premiums, agents' balances and installments booked but deferred and not yet due	28,278,765
Reinsurance:	
Amounts recoverable from reinsurers	4,631,398
Other amounts receivable under reinsurance contracts	3,645,036
Current federal and foreign income tax recoverable and interest thereon	2,434,611
Net deferred tax asset	16,166,315
Guaranty funds receivable or on deposit	326,285
Electronic data processing equipment and software	771,572
Receivables from parent, subsidiaries and affiliates	28,891
Aggregate write-ins for other than invested assets	4,184,371
From Separate Accounts, Segregated Accounts and Protected Cell Accounts	30,792,175
Total admitted assets	$1,958,418,227

Liabilities and Surplus

Aggregate reserve for life policies and contracts	$1,605,881,498
Aggregate reserve for accident and health contracts	2,771,572
Liability for deposit-type contracts	117,067,485
Contract claims:	
Life	9,818,944
Accident and health	433,111
Policyholders' dividends and coupons due and unpaid	3,448
Provision for policyholders' dividends and coupons payable in following calendar year – estimated amounts	19,995,587
Premiums and annuity considerations for life and accident and health contracts received in advance	885,512
Contract liabilities not included elsewhere:	
Interest maintenance reserve	11,200,625
Commissions to agents due or accrued	3,886,535
Commissions and expense allowances payable on reinsurance assumed	3,367
General expenses due or accrued	6,741,404
Taxes, licenses and fees due or accrued, excluding federal income taxes	1,112,473
Amounts withheld or retained by company as agent or trustee	118,579
Amounts held for agents' account	084,760
Remittances and items not allocated	4,811,888
Liability for benefits for employees and agents if not included above	14,930,725
Miscellaneous liabilities:	
Asset valuation reserve	6,428,737
Funds held under coinsurance	16,272,717
Aggregate write-ins for liabilities	5,425,660
From Separate Accounts statement	30,792,175
Total liabilities	$1,858,666,802
Surplus notes	25,000,000
Group life contingency reserve	3,934,340
Separate account contingency reserve	769,804
Unassigned funds (surplus)	70,047,281
Surplus	$ 99,751,425
Total liabilities, capital and surplus	$1,958,418,227

B. CONDENSED SUMMARY OF OPERATIONS

	2001	2002	2003	2004	2005
Premiums and considerations	$228,629,441	$238,675,587	$270,244,682	$246,123,185	$251,880,654
Investment income	103,879,152	105,188,421	102,463,749	103,634,176	104,860,460
Commissions and reserve adjustments on reinsurance ceded	20,008,225	20,260,329	24,796,219	18,806,560	27,088,677
Miscellaneous income	60,609	246,841	214,888	370,428	298,044
Total income	$352,577,427	$364,371,178	$397,719,538	$368,934,349	$384,127,835
Benefit payments	$146,942,440	$157,982,508	$152,845,389	$149,351,426	$161,115,236
Increase in reserves	80,823,675	76,575,406	120,468,542	100,634,379	98,057,981
Commissions	37,304,546	40,188,348	45,014,480	44,068,805	38,533,222
General expenses and taxes	49,419,946	50,480,749	50,917,804	62,754,921	50,881,955
Increase in loading on deferred and uncollected premiums	(243,639)	(206,403)	91,834	(7,421,734)	(639,756)
Net transfers to (from) Separate Accounts	(1,278,709)	215,373	3,050,917	(932,747)	2,663,483
Miscellaneous deductions	101,216	398,083	59,939	298,365	133,412
Total deductions	$313,069,475	$325,634,064	$372,448,905	$348,753,415	$350,745,533
Net gain (loss)	$ 39,507,952	$ 38,737,114	$ 25,270,633	$ 20,180,934	$ 33,382,302
Dividends	25,136,239	24,716,501	22,769,779	19,967,267	20,719,184
Federal and foreign income taxes incurred	6,314,000	4,961,000	1,410,000	2,649,000	5,217,000
Net gain (loss) from operations before net realized capital gains	$ 8,057,713	$ 9,059,613	$ 1,090,854	$ (2,435,333)	$ 7,446,118
Net realized capital gains (losses)	(345,078)	(7,205,760)	(3,999,601)	(627,698)	(98,200)
Net income	$ 7,712,635	$ 1,853,853	$ (2,908,747)	$ (3,063,031)	$ 7,347,918

C. SURPLUS ACCOUNT

	2001	2002	2003	2004	2005
Capital and surplus, December 31, prior year	$81,157,159	$83,834,858	$96,684,936	$94,540,476	$94,296,885
Net income	$ 7,712,635	$ 1,853,853	$ (2,908,747)	$ (3,063,031)	$ 7,347,918
Change in net unrealized capital gains (losses)	(3,649,681)	(1,806,658)	(2,373,840)	1,276,217	(642,925)
Change in net deferred income tax	0	0	5,635,787	2,520,707	2,860,953
Change in non-admitted assets and related items	(1,887,709)	(26,914,995)	(4,065,889)	(519,405)	(4,569,669)
Change in asset valuation reserve	1,160,321	4,406,376	3,133,649	(3,670,389)	(1,568,222)
Change in surplus notes	0	0	0	10,000,000	0
Cumulative effect of changes in accounting principles	33,716	38,884276	(371,581)	0	0
Surplus note interest net of 492,000 of federal income taxes	0	0	0	(914,250)	0
Correction error in policy reserves net of 721,816 of federal inc taxes	0	0	0	(1,338,144)	0
Surplus note maintenance costs	0	(860,250)	(914,250)	0	0
Release of reserve for surplus note	0	1,000,000	0	0	0
Change in minimum pension liability	0	(1,545,285)	(279,589)	(3,812,162)	2,026,485
Summary of remaining write-ins for line 53 from overflow page	(691,583)	(2,167,239)	0	(723,134)	0
Net change in capital and surplus for the year	$ 2,677,699	$12,850,078	$ (2,144,460)	$ (243,591)	$ 5,454,540
Capital and surplus, December 31, current year	$ 83,834,858	$96,684,936	$94,540,476	$94,296,885	$99,751,425

6. PRIOR REPORT SUMMARY AND CONCLUSIONS

Following is the recommendation contained in the prior report on examination and the subsequent action taken by the Company in response to such recommendation:

Item	Description
A	The examiner recommends that the Company reduce the value of the investment property in question to reflect the most current appraised value. The Company reduced the value of the investment property in question to reflect the most current appraised value.

Respectfully submitted,

Mark McLeod
Associate Insurance Examiner

STATE OF NEW YORK)
)SS:
COUNTY OF NEW YORK)

Mark McLeod, being duly sworn, deposes and says that the foregoing report, subscribed by him, is true to the best of his knowledge and belief.

____
Mark McLeod

Subscribed and sworn to before me

this__________ day of _____________

APPOINTMENT NO. 22525

STATE OF NEW YORK

INSURANCE DEPARTMENT

I, HOWARD MILLS, Superintendent of Insurance of the State of New York, pursuant to the provisions of the Insurance Law, do hereby appoint:

MARK MCLEOD

as a proper person to examine into the affairs of the

SECURITY MUTUAL LIFE INSURANCE COMPANY NEW YORK

and to make a report to me in writing of the condition of the said

COMPANY

with such other information as he shall deem requisite.

In Witness Whereof, I have hereunto subscribed by name
and affixed the official Seal of the Department
at the City of New York

this 29th day of June, 2006

HOWARD MILLS
Superintendent of Insurance

Superintendent